

AMENDED IN SENATE MAY 20, 2002

AMENDED IN SENATE APRIL 30, 2002

SENATE BILL

No. 1755

Introduced by Senator Soto

(Principal coauthor: Assembly Member Negrete McLeod)

(Coauthors: Senators Costa and Vincent)

(Coauthors: Assembly Members Calderon, Correa, Frommer, and Oropeza)

February 21, 2002

An act to add Sections 31149.7 and 71663.5 to the Water Code, relating to electric power.

LEGISLATIVE COUNSEL'S DIGEST

SB 1755, as amended, Soto. County water districts and municipal water districts: electric power.

The County Water District Law and the Municipal Water District Law of 1911 grant to county water districts and municipal water districts, respectively, prescribed powers relating to water and other services.

This bill would authorize those districts to provide, generate, and deliver electric power, and to construct, operate, and maintain works, facilities, improvements, and property for that generation and delivery. The bill would prohibit those districts from acquiring property employed in the generation or delivery of electric power, except by mutual agreement between the district and the property owner. *If a district elects to provide for its own power, this bill would set forth the formula for reimbursement to the Department of Water Resources and the electrical corporation that previously serviced the district.*

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 31149.7 is added to the Water Code, to
2 read:

3 31149.7. (a) A district may provide, generate, and deliver
4 electric power, and may construct, operate, and maintain any and
5 all works, facilities, improvements, and property, or portion
6 thereof, necessary or convenient for that generation and delivery.

7 (b) The electric powerplant or plants and transmission lines
8 constructed pursuant to this section may be leased for operation,
9 or the power generated may be used, by the district for its own
10 purposes or be sold to any public or private entity that is engaged
11 in the distribution or sale of electricity.

12 (c) Nothing in this section grants to a district the authority to
13 provide, sell, or deliver electric power at retail.

14 (d) A district may not acquire property employed in the
15 generation or delivery of electric power for public or private utility
16 purposes, except by mutual agreement between the district and the
17 owner of that property.

18 ~~(e) The electricity load that departs from an electrical~~
19 ~~corporation pursuant to subdivision (b), shall be subject to a~~
20 ~~surcharge, exit fees or other charges related to energy~~
21 ~~procurement, if a surcharge, exit fees or other charges are~~
22 ~~established by the Public Utilities Commission for self-generation~~
23 ~~customers.~~

24 (e) *A district that elects to provide for its own power pursuant*
25 *to this section shall reimburse the department for all of the*
26 *following:*

27 (1) *The department's unrecovered actual cost of power*
28 *procurement, including any financing and administrative costs,*
29 *attributable to the district, as determined by the Public Utilities*
30 *Commission. The department's actual cost shall be calculated as*
31 *the difference, if any, between the department's total actual*
32 *procurement costs attributable to the district and the revenues*
33 *collected by the department from the district during the district's*
34 *term of service with the department. The Public Utilities*
35 *Commission shall publish, and update as necessary, a formula for*

1 calculation of unrecovered costs that are due pursuant to this
2 subdivision.

3 (2) Any additional costs of the department, equal to the
4 district's proportionate share of the department's estimated net
5 unavoidable power purchase contract costs, for the period
6 commencing with the district's self-provision of electricity,
7 through the expiration of all then existing power purchase
8 contracts entered into by the department. The proportionate share
9 and unavoidable costs shall be determined by the Public Utilities
10 Commission.

11 (f) A district that elects to provide for its own power pursuant
12 to this section shall reimburse the electrical corporation that
13 previously served the district for all of the following:

14 (1) The electrical corporation's unrecovered actual cost of
15 power procurement, including any financing and administrative
16 costs, attributable to the district, as determined by the Public
17 Utilities Commission. The electrical corporation's actual cost
18 shall be calculated as the difference, if any, between its total actual
19 procurement costs attributable to the district and the revenues
20 collected by the electrical corporation from the district during the
21 district's term of service with the electrical corporation.

22 (2) Any additional costs of the electrical corporation, equal to
23 the district's proportionate share of the electrical corporation's
24 estimated net unavoidable power purchase contract costs, for the
25 period commencing with the district's self-provision of electricity,
26 through the expiration of all then existing power purchase
27 contracts entered into by the electrical corporation. The
28 proportionate share and unavoidable costs shall be determined by
29 the Public Utilities Commission.

30 SEC. 2. Section 71663.5 is added to the Water Code, to read:

31 71663.5. (a) A district may provide, generate, and deliver
32 electric power, and may construct, operate, and maintain any and
33 all works, facilities, improvements, and property, or portion
34 thereof, necessary or convenient for that generation and delivery.

35 (b) The electric powerplant or plants and transmission lines
36 constructed pursuant to this section may be leased for operation,
37 or the power generated may be used, by the district for its own
38 purposes or be sold to any public or private entity that is engaged
39 in the distribution or sale of electricity.

1 (c) Nothing in this section grants to a district the authority to
2 provide, sell, or deliver electric power at retail.

3 (d) A district may not acquire property employed in the
4 generation or delivery of electric power for public or private utility
5 purposes, except by mutual agreement between the district and the
6 owner of that property.

7 ~~(e) The electricity load that departs from an electrical~~
8 ~~corporation pursuant to subdivision (b), shall be subject to a~~
9 ~~surcharge, exit fees or other charges related to energy~~
10 ~~procurement, if a surcharge, exit fees or other charges are~~
11 ~~established by the Public Utilities Commission for self-generation~~
12 ~~customers.~~

13 (e) A district that elects to provide for its own power pursuant
14 to this section shall reimburse the department for all of the
15 following:

16 (1) The department's unrecovered actual cost of power
17 procurement, including any financing and administrative costs,
18 attributable to the district, as determined by the Public Utilities
19 Commission. The department's actual cost shall be calculated as
20 the difference, if any, between the department's total actual
21 procurement costs attributable to the district and the revenues
22 collected by the department from the district during the district's
23 term of service with the department. The Public Utilities
24 Commission shall publish, and update as necessary, a formula for
25 calculation of unrecovered costs that are due pursuant to this
26 subdivision.

27 (2) Any additional costs of the department, equal to the
28 district's proportionate share of the department's estimated net
29 unavoidable power purchase contract costs, for the period
30 commencing with the district's self-provision of electricity,
31 through the expiration of all power purchase contracts entered into
32 by the department existing at the time the district elects to provide
33 for its own power. The proportionate share and unavoidable costs
34 shall be determined by the Public Utilities Commission.

35 (f) A district that elects to provide for its own power pursuant
36 to this section shall reimburse the electrical corporation that
37 previously served the district for all of the following:

38 (1) The electrical corporation's unrecovered actual cost of
39 power procurement, including any financing and administrative
40 costs, attributable to the district, as determined by the Public

1 *Utilities Commission. The electrical corporation's actual cost*
2 *shall be calculated as the difference, if any, between its total actual*
3 *procurement costs attributable to the district and the revenues*
4 *collected by the electrical corporation from the district during the*
5 *district's term of service with the electrical corporation.*

6 (2) *Any additional costs of the electrical corporation, equal to*
7 *the district's proportionate share of the electrical corporation's*
8 *estimated net unavoidable power purchase contract costs, for the*
9 *period commencing with the district's self-provision of electricity,*
10 *through the expiration of all power purchase contracts entered into*
11 *by the electrical corporation existing at the time the district elects*
12 *to provide for its own power. The proportionate share and*
13 *unavoidable costs shall be determined by the Public Utilities*
14 *Commission.*

